



**THE IMPACT OF FLUCTUATION OF OIL PRICE TOWARDS MALAYSIAN
ECONOMY**

AMIRA AISYAH BINTI JAMARI

2015961651

**BACHELOR OF BUSINESS ADMINISTRATION
WITH HONOURS (BUSINESS ECONOMICS)
FACULTY OF BUSINESS MANAGEMENT
UNIVERSITI TEKNOLOGI MARA
SABAH**

JULY 2018

DECLARATION OF ORIGINAL WORK



**BACHELOR OF BUSINESS ADMINISTRATION
WITH HONOURS (BUSINESS ECONOMICS)
FACULTY OF BUSINESS MANAGEMENT
UNIVERSITI TEKNOLOGI MARA
“DECLARATION OF ORIGINAL WORK”**

I, Amira Aisyah Binti Jamari, (I/C Number : 930917126846)

Hereby, declare that :

- This work has not previously been accepted in substance for any degree, locally or overseas, and is not being concurrently submitted for this degree or any other degrees.
- This project-paper is the result of my independent work and investigation, except where otherwise stated.
- All verbatim extracts have been distinguished by quotation marks and sources of my information have been specifically acknowledged.

Signature:_____

Date:_____

TABLE OF CONTENTS

Items	Pages
TITLE PAGE	i
DECLARATION OF ORIGINAL WORK	ii
LETTER OF SUBMISSION	iii
ACKNOWLEDGEMENT	iv
TABLE OF CONTENTS	v - vi
LIST OF FIGURES	vii
LIST OF TABLES	vii
ABSTRACT	viii
 CHAPTER ONE INTRODUCTION	
1.1 Research Study	1 - 2
1.2 Problem statement	3 - 4
1.3 Research objective	5
1.4 Significant of study	6
1.4.1 The Body Of Knowledge	6
1.4.2 Policy Maker	7
1.4.3 Consumer	7
1.5 Scope and limitation of study	8
 CHAPTER TWO LITERATURE REVIEW	
2.1 Introduction	9
2.2 Literature review	10 - 14
2.3 Conceptual framework	15
2.4 Conclusion of chapter	16
 CHAPTER THREE RESEARCH METHODOLOGY	
3.1 Introduction	17
3.2 Data	18
3.2.1 Variable Defination	18

LIST OF FIGURES/GRAPHS/DIAGRAMS

Items	Pages
Figure (1)	02

LIST OF TABLES

Items	Pages
Table 1	32
Table 2	33
Table 3	35
Table 4	36
Table 5	37
Table 6	38

ABSTRACT

As Southeast Asia's biggest Energy Department maker and purchaser, Malaysia which is the net oil exporter and Southeast Asia's second biggest vitality maker behind Republic of Indonesia. This study examines the impact of fluctuation of oil price toward economic in Malaysia by using the data that been collected from the World Bank Data from the year 1984 till 2014 which is for 30 years. An analysis using Ordinary Least Square, Granger and some diagnostic checks techniques that include serial correlation, heteroskedasticity, multicollinearity and Ramsey test. Overalls of the results show the positive reaction towards the growth of real oil prices. As conclusion, the fluctuation of the oil price is positively significant towards Malaysian economy which includes of GDP, exchange rate and net export. However, since these studies is only focus on the short-run, therefore based on the grangers results has shown that there is a one way of relationship between changes on oil price towards exchange rate and GDP in Malaysia. In the same meaning, the variable of exchange rate and GDP can be affected by the fluctuation of the oil prices. These result shows that both variable was affecting the growth of Malaysia in the short-run. However, since the overall conclusions show the positive significant results, growth of the oil prices is less impactful on the Malaysian Ringgit.